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FISCAL IMPACT STATEMENT

LS 6511

BILL NUMBER: HB 1191

NOTE PREPARED: Dec 30, 2012

BILL AMENDED:

SUBJECT: Disclosure of Lessors in Government Leases.

FIRST AUTHOR: Rep. DeLaney

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that for all leases entered into by the state, a local unit of government, or a school corporation, the state, local unit, or school corporation shall disclose the identity of: (1) each person who has a direct or indirect interest in the leased property equal to or greater than 10% of the value of the leased property; and (2) any elected official or relative of an elected official within one degree of kinship who has a direct or indirect interest in the leased property equal to or greater than 1% of the value of the leased property.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Indiana Department of Administration (IDOA):* This bill requires the IDOA to keep records on certain leases entered into by the state and to post the information on its website. All state agencies entering into such leases must submit this information to the IDOA within 30 days of entering into leases. The bill could result in additional administration expenses for all state entities. The specific impact will depend on the number and nature of leases entered into, if any, by each state entity.

State Board of Accounts (SBOA): This bill requires local units and school corporations to file reports with the SBOA concerning information on certain leases. Beginning in 2014, the SBOA would be required to compile a report containing the lease information from school corporations and local units. This provision will add administrative expenses to the SBOA. The extent of the increase will depend on the type of report that the SBOA generates as a result of the new requirements.

Background Information - The following information must be reported for these leases: identity of the lessor, identity of brokers used to obtain the lease and the amount of fees paid to them, the amount of rent to be paid, identity of each individual who has a 10% or greater interest in the leased property, and the identity of elected officials or relatives of elected officials within one degree of kinship that has a 1% or greater interest in the leased property.

Explanation of State Revenues:

Explanation of Local Expenditures: *School Corporations and Local Units:* This bill requires school corporations and local units to obtain the same information required of state agencies entering into leases. This information must be submitted to the SBOA within 30 days of entering into leases. This provision will add administrative expenses to local units. The extent of the increase will depend on the number and types of leases, if any, entered into by the local units. The impact could vary from unit to unit.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local units; School corporations.

Information Sources:

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